

MINUTES  
PAGE COUNTY BOARD OF SUPERVISORS  
BUDGET WORK SESSION  
FEBRUARY 18, 2010

Members Present:       Johnny Woodward, Chairman, At-Large  
                              Robert Griffith, District 1  
                              Larry A. Sours, District 2  
                              J. D. Cave, District 3  
                              Gerald Cabbage, District 4  
                              Jeff Vaughan, District 5 (Arrived at 6:20 p.m.)

Staff Present:           Dr. Thomas M. Cardman, County Administrator  
                              Amity Moler, Budget/Payroll Administrator  
                              Henry Mikus, Director of Public Works  
                              C. R. Suddith, Treasurer  
                              Charlie Campbell, Commissioner of the Revenue

**Call to Order:**

Chairman Johnny Woodward called to order the budget session of the Page County Board of Supervisors on February 18, 2010 at 6:00 p.m. in the Board of Supervisors Room located in the Courthouse, noting a quorum was present.

**Discussion of the FY 2010-2011 Budget:**

Dr. Cardman began the discussion by addressing the comments from James Kelly of Robinson, Farmer, Cox Associates during his presentation of the County's FY 2009 audit at the Board's February 16<sup>th</sup> meeting. He stated that, in general terms, the County spent \$3 million more during the year than was received in revenue. However, there were decisions made by the Board during the year, which caused these accounting actions to occur. The first was that the Board chose not to raise taxes for a budgeted revenue increase, which was \$900,000. Secondly, the County advanced payment for work to commence at the Battle Creek Landfill and on the T-hangars at the airport, totaling \$1.7 million. Subsequently, this money has been returned to the County's general fund balance. He mentioned that the audit confirms the general fund estimates and projections and he reassured that the information he previously presented on the fund balance is sound and the numbers were certified by the audit.

Dr. Cardman and Mr. Suddith then explained the 20% requirement by the auditors to be maintained in the fund balance. He noted that they were surprised by Mr. Kelly with this level because the County's fund balance policy stipulates that we must have 10% - 15% in place in the General Fund. After a conversation with Mr. Kelly, he informed that the reason for his comment was because the County had to borrow money for cash flow purposes noting that this is a routine procedure in many areas. The County is well within the minimum range in the fund balance at the 16% level as of June 30, 2009.

Lengthy discussion then ensued regarding the County's contract with Warren County for trash disposal. Mr. Mikus provided the Board with a handout outlining the myths and facts on the contract and reviewed them as follows.

**Myth 1:** Warren County is making money off their trash because their fee is so low, so we are subsidizing their waste costs.

**Fact:** Warren's transfer station tip fee is \$67/ton while they pay us \$31/ton. However, their transfer station tip fee only applies to commercial trash, with the balance of their trash handled by them for free. Yet they pay the \$31/ton tip fee to us on all trash they send here. Their mix is approximately 39% commercial and 61% free. In addition to their payment to us, Warren County also has costs for transportation, running their transfer station, operating compactor sites, and maintaining a closed older landfill. Their true net cost on all their trash is about \$60/ton. From another perspective, their commercial revenue is about \$950,000 annually while their solid waste program costs are \$2.5 million annually.

**Myth 2:** We are losing money on the Warren County contract because our landfill costs exceed what they pay us.

**Fact:** Our landfill operation is at the low end of the economy of scale; adding to the waste volume we handle does not equally raise our expenses. Incremental costs for handling the addition of the Warren County trash are far less than the income we receive from this contract. Added annual operating costs, mainly fuel, together with increased construction/closure costs because of the more rapid fill rate, are about \$300,000, while the income from Warren's trash is nearly \$1 million per year, for a net benefit of \$700,000. As another perspective, our net cost per ton, for just Page County waste at \$89/ton, drops to \$26/ton with the addition of the Warren waste stream. Related to this issue, it is important to recognize that our break-even trash volume is about 350 tons/day; alone, Page County generates about 75 tons/day and the Warren waste raises our flow to an average 175 tons/day. This means that our current volume is only half of what is needed to make our solid waste operation totally cost supporting. A factor is that we have made the choice to subsidize a portion of our local waste stream, as citizen household trash is taken for free.

**Myth 3:** The \$0.25 per ton annual fee increase is inadequate.

**Fact:** The CPI for 2009 has shown a 2% drop. In the current situation, if our contract had pricing tied to the CPI, the Warren tip fee would have had to drop. The net CPI increase for the most recent 5 years has been 5%. The contract annual fee increase is equivalent to 1% per year.

Mr. Mikus explained that this is an equitable and efficient contract. Warren County is able to realize a savings because, with us, their disposal cost and hauling cost are somewhat lower than the cost of their former arrangement. Page County is able to realize significant income while reducing its net operating cost per ton of waste.

Next, Dr. Cardman mentioned that the public hearing on the School Board budget is currently scheduled for April 20, which is the evening of the Board's regular meeting. He suggested that hearing be held on April 22 with the adoption scheduled for April 29. The Board then requested that a revised budget calendar be provided to them including this change.

Dr. Cardman then reviewed historical expense levels for certain departments, which have the most variety in funding sources. The departments he reviewed was EMT, Commissioner of the Revenue, CSA, Social Services, Information Technology, Public Works, Sheriff, and Schools.

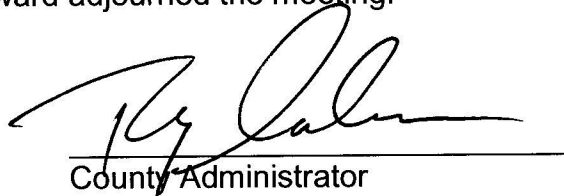
Dr. Cardman informed the Board that Mr. Pete Creaturo had been invited to present the Social Services budget to the Board; however, he had declined to participate and indicated that since Supervisor Cubbage serves on the Social Services Board that he could present their budget and answer any questions the Board may have. Supervisor Cubbage remarked that he would speak with Mr. Creaturo to invite him again to present the Social Services budget.

Lastly, Mr. Suddith discussed the importance of revenue neutral and the impact two assessment levels will have on next year's budget. He explained that taxes are assessed on an annual basis but collected on a fiscal year basis.

**Adjourn:** 9:05 p.m.

With no further business, Chairman Woodward adjourned the meeting.

  
Chairman

  
County Administrator